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Producers 88 (4-89) - Paid Up With 640 Acres Pooling Provision STANDARD LEASE v.5

PAID UP OIL AND GAS LEASE

(No Surface Use)

	20		λΛ		
THIS LEASE AGREEMENT is made this	OU	_ day of	MOA	_, 2009, by and	between
whose addresss is 5801 Ristrator Court	11. IL. 7:1	Tayer 7011	1		
whose addresss is	Hulton City	12XQ5 /611	Lessee All printed portions of this	lesse were prepared	as Lessor, by the party
hereinabove named as Lessee, but all other provisions (inclu					cy une party
 In consideration of a cash bonus in hand paid at 					he following
described land, hereinafter called leased premises:			10		7
ACRES OF LAND, MORE OR			d	, BLOCK	
OUT OF THE Burchill Addition	_ Second Fill	na	, an additio	ON TO THE C	ITY OF
			RDING TO THAT CERT		
IN VOLUME <u>204</u> , PAGE _	OF	THE PLAT RE	CORDS OF TARRANT (COUNTY, TEX	AS;
TADDANIT	111				
in the County of TARRANT, State of TEXAS, containi			or less (including any interests the		
acquire by reversion, prescription or otherwise), for the pu hydrocarbon substances produced in association therewith					
other commercial gases, as well as hydrocarbon gases. In a					
of land now or hereafter owned by Lessor which are contigue					
Lessor agrees to execute at Lessee's request any additional of determining the amount of any shut-in royalties hereunder,					the purpose
or determining the amount of any still-in toyaines hereunder,	the number of gross acr	es above specified s	in the deeplied correct, whether at	adaily illore of less.	
2. This lease, which is a "paid-up" lease requiring no r	entals, shall be in force f	or a primary term of	Five (5) ye	ears from the date he	reof, and for
as long thereafter as oil or gas or other substances covered (nereby are produced in p				,
otherwise maintained in effect pursuant to the provisions here				-11 4 -46 1114 1	
Royalties on oil, gas and other substances produce		shall be paid by Les	A few a		
separated at Lessee's separator facilities, the royalty shall be		inc. provided that L	1/5) of such production, to I		
Lessor at the wellhead or to Lessor's credit at the oil purcha- the wellhead market price then prevailing in the same field					
prevailing price) for production of similar grade and gravi					
One-tifth (1/5) of	the proceeds realized I	by Lessee from the	sale thereof, less a proportionat	e part of ad valoren	taxes and
production, severance, or other excise taxes and the costs in					
Lessee shall have the continuing right to purchase such proc no such price then prevailing in the same field, then in the n					
the same or nearest preceding date as the date on which Le					
more wells on the leased premises or lands pooled therewith	are capable of either pro	oducing oil or gas or	other substances covered hereby	in paying quantities o	r such wells
are waiting on hydraulic fracture stimulation, but such well or					
be deemed to be producing in paying quantities for the purp there from is not being sold by Lessee, then Lessee shall p					
Lessor's credit in the depository designated below, on or bet					
while the well or wells are shut-in or production there from is					
is being sold by Lessee from another well or wells on the le following cessation of such operations or production. Lesse					
terminate this lease.	es tallure to properly pa	y Shint-in Toyaky Sha	an render Lessee hable for the arm	din due, but shall no	coperate to
4. All shut-in royalty payments under this lease shall be					
be Lessor's depository agent for receiving payments regardle					
draft and such payments or tenders to Lessor or to the depo address known to Lessee shall constitute proper payment. It					
payment hereunder, Lessor shall, at Lessee's request, deliver					
5. Except as provided for in Paragraph 3. above, if Les					
premises or lands pooled therewith, or if all production (who premises or lands pooled therewith, or if all production (who premises or lands pooled therewith, or if all production (who premises or lands pooled therewith, or if all production (who premises or lands pooled therewith, or if all production (who premises or lands pooled therewith, or if all production (who premises or lands pooled therewith, or if all production (who premises or lands pooled therewith, or if all production (who premises or lands pooled therewith, or if all production (who premises or lands pooled therewith, or if all production (who premises or lands pooled therewith, or if all production (who premises of lands) are the premises of lands pooled therewith (who premises of lands) are the premises of lands pooled therewith (who premises of lands) are the premises of lands pooled therewith (who premises of lands) are the premises of lands pooled therewith (who premises of lands) are the premises of lands pooled therewith (who premises of lands) are the premises of lands pooled the land					

pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

leased premises from uncompensated drainage by any well of wells located on other tailors had premises and incompensated drainage by any well of wells located on other tailors had been additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%, provided that a larger unit may be formed for an oil well or gas well or horizontal completion to account of the purpose to exceed horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any

be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in

such part of the leased premises.

- 8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferse to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease, then held by each.

 9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or u 8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the
- It Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

 10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, Including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipellines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, texept water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and grow
- control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof.

 Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.
- 12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.
- 13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.
- 14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.
- 15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.
- Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the teased premises for drilling or other

operations.

17. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

LESSOR (WHETHER ONE OR MORE) By: ACKNOWLEDGMENT Texas STATE OF COUNTY OF Turrunt his instrument was acknowledged before me on the day of 2009. Ø Single HCZIBG JULIO MUNOZ LOPEZ Notary Public, State of Texas My Commission Expires Notary Public, State Notary's name (printe State of January 29, 2012 Notary's comm STATE OF COUNTY OF This instrument was acknowledged before me on the day of 2009.

> Notary Public, State of Notary's name (printed)

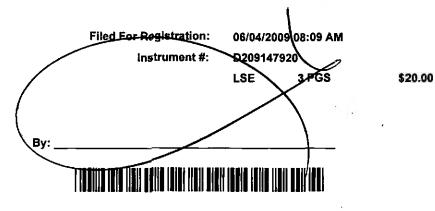


DALE PROPERTY SERVICES
ATTN: ANN VANDENBERG
2100 RO\$S AVE, STE 1870, LB-9
DALLAS TX 75201

Submitter: DALE RESOURCES LLC

SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

<u>DO NOT DESTROY</u> WARNING - THIS IS PART OF THE OFFICIAL RECORD.



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ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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